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Laz - The Provident Institution for Savings - 1893

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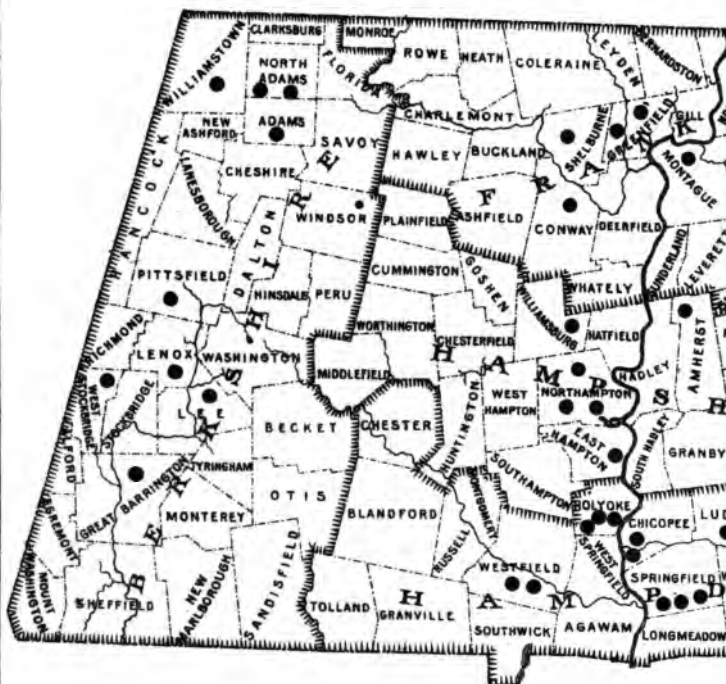


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DEPOSITS IN SAVINGS BA

COUNTY	AM'T OF DEPOSITS	
BARNSTABLE	\$ 1,793 803	\$
BERKSHIRE	7,055 562	
BRISTOL	34,612 466	
ESSEX	48,201 864	
FRANKLIN	6,833 219	
HAMPDEN	24,136 097	
HAMPSHIRE	8,923 661	
MIDDLESEX	41,760 219	
NANTUCKET	398 568	
NORFOLK	9,329 151	
PLYMOUTH	11,224 189	
SUFFOLK	114,012 737	
WORCESTER	45,261 395	

A Massachusetts Savings Bank

BEING AN ACCOUNT OF THE

Provident Institution for Savings

TOGETHER WITH A DISCUSSION OF SOME PROBLEMS OF
SAVINGS-BANK MANAGEMENT AND LEGISLATION

BY

HENRY LEE

PRESIDENT OF PROVIDENT INSTITUTION FOR SAVINGS

WITH

APPENDIX SHOWING STATISTICS AND LAWS OF
MASSACHUSETTS SAVINGS BANKS

PUBLISHED BY COMMITTEE ON CHARITIES AND CORRECTION TO MASSACHU-
SETTS BOARD OF MANAGERS, WORLD'S FAIR, 1893

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PROVIDENT INSTITUTION FOR SAVINGS.

THE first savings bank in this country to do business was the Philadelphia Savings Fund Association, in November, 1816; it started before it was incorporated.

On the 13th of December, 1816, the Provident Institution for Savings was incorporated. The forty-eight persons named in the Act of Incorporation included the Lieutenant-Governor, the United States Marshal, two judges, four lawyers, three clergymen, thirty-two merchants and tradesmen, and five mechanics; some of them eminent, all of them respectable citizens.

The first officers were, William Phillips (Lieutenant-Governor), President; James Prince (United States Marshal), Treasurer, and James Savage (lawyer), Secretary.

There is a tradition that the bank was founded partly at the urgent request of good Bishop (afterwards Cardinal) Cheverus, that his people (as he called his flock) might have a place of deposit and so not spend or lose their little savings, and that a few years later, also at his request, the partial withholding of earnings and five years' surplus dividends were adopted to induce these same people to keep as well as to deposit their money in the bank.

Founded as a charity by thoughtful, conscientious, disinterested men, it has steadily developed for seventy-seven years from 961 accounts at the end of 1816, with a deposit of \$76,000, to 90,000 accounts at the end of 1892, with a deposit of \$35,590,000, and during this period not the loss of a dollar by dishonesty.

The average deposit at present is \$388. The range of deposits is from the minimum received, \$1; to the maximum received, \$1,000. The lowest amount drawing interest is \$3; the highest amount drawing interest is \$1,600.

The bank, in starting, paid 5 per cent. per annum on its deposits; later, the rate was reduced to 4 per cent., and, in addition to this regular dividend, an extra one paid every five years, as mentioned above, often amounting to an additional 4 per cent., making an average per annum of from 7 to 8 per cent. to the depositors at that date, if their money had lain there the whole five years, and proportionately to those whose money had lain a fraction of that period. As these dividends, unless called for, were added to the principal, the depositors received compound interest.

More than half of the depositors are either foreigners or children of foreigners, the Irish the earliest and most numerous, and after them the Germans and representatives of all nations.

Of late years dividends and interest on funds have declined, and the rate has been reduced to 4 per cent.

Of the amount now on deposit in this bank, say		\$35,590,000
There are invested in city and town bonds	\$7,358,000	
Bank stock	1,287,000	
Railroad bonds	3,785,000	
Loans on mortgages (60% loaned on assessors' value) . .	10,601,000	
Personal, with legal collateral, or three names and collateral (not over one year to run)	10,568,000	
Loans on public funds, bonds, stocks	1,004,000	
Real estate and cash	<u>987,000</u>	<u>\$35,590,000</u>

The paid officers are the treasurer, assistant treasurer, and fourteen clerks; and the annual expenses, including taxes, average $\frac{1}{2}$ per cent. on the deposits.

There are twelve vice-presidents and twenty-four trustees (in all thirty-six trustees), chosen annually by the corporation. There are about one hundred and twenty members of the corporation living out of about five hundred members elected from the commencement to the present time.

The uninterrupted success of this institution is due to the quality of men chosen into the corporation, and from that into the Board of Trustees, but more especially to the Board of Investment elected yearly by the trustees.

This board, composed of nine, including the secretary, meet the treasurer once a week, receive and dispose of all applica-

tions for loans, and decide upon investments ; and the seventy-seven years' prudent, skilful management of these vast funds by unpaid trustees, taken from the busiest, most high-priced lawyers, merchants, and manufacturers, is one of the most creditable chapters in Boston's history.

The directors of a manufacturing company, of an insurance company, of a bank, have a personal interest as stockholders in the wise conduct of the business ; but the Board of Investment of a savings bank are absolutely disinterested in performing their tedious task.

The average service of the members of this responsible body has been ten years, of three of them thirty years ; men whose services as trustees etc., are in demand for all their working hours. But it would be invidious to single out any one of them for mention save Mr. James Savage, who may be considered the founder of this great charity, and who as secretary, treasurer, and president, and above all as president of the Board of Investment, rendered invaluable services for over forty years. In the face of ridicule and distrust, which deterred many of the leading men from co-operation, and turned back some of the original undertakers, the project might have been abandoned had it not been for his courage and resolution. He made the first deposit of \$10 ; he paid the first extra dividend for five years out of his own pocket, to be refunded when it could be without disturbing the investments. His faith, his good sense, his aggressive honesty, his independence combined to establish and maintain the bank upon its proper basis, so that through all these years it has been conducted strictly as a charity to the poor and helpless ; security, rather than profits, aimed at.

Some banks having allowed and even courted deposits of many thousands, either to swell their assets or to oblige influential customers, a law was passed in 1876, limiting deposits to \$1,000 each, a limit self-imposed by the Provident Institution from the beginning.

The withholding a portion of the income not only served to check withdrawals in hope of an extra dividend every five years, but it also furnished a reserve fund to meet losses. But as most banks did not adopt this practice, and as those which did

were periodically left destitute, the legislature, recognizing this normal condition and the need of a permanent reserve to guard against insolvency in the event of a run upon the banks, decreed that from $\frac{1}{8}$ per cent. to $\frac{1}{4}$ per cent. on the deposits should be set aside annually for a reserve fund. Since 1876, when this law was passed and from $\frac{1}{8}$ per cent. to $\frac{1}{4}$ per cent. of the earnings per annum added each year to the reserve, no five years' extra dividends have been declared by the bank.

Unscrupulous persons have imposed upon the bank by opening several accounts as trustees, and subsequently withdrawing the deposits without the concurrence of the persons interested. The doubt as to the existence of these beneficiaries has led to a law requiring the trustees to give their names, but it would be safer to insist upon the presence of both beneficiary and trustee when the money is deposited and when withdrawn.

The accounts are balanced every six months, and are audited and the assets examined every twelve months for the Board of Investment, by a sworn and accomplished auditor, who is changed every two years, and also by the bank examiners, and by a committee of the corporation.

The enormous amount of \$393,000,000 deposited in the savings banks in this State Dec. 31, 1892, might lead one to suspect that the law limiting the individual deposit had been to some extent evaded. But the increase in the aggregate deposits, while irregular, ranging from $\frac{1}{2}$ per cent. 1876-1877 to 20 per cent. 1852-1853, has been uninterrupted, averaging, from 1834 to 1894* a period of sixty years, 14 per cent. per annum.

The very small addition to the deposits from December, 1876, to December, 1877, of only $\frac{1}{2}$ per cent., may perhaps be ascribed to the law enacted in 1876 fixing the maximum at \$1,000 each, and the consequent withdrawal of the large sums, sprinkled about by persons who shamefully misused these charitable institutions. The ratio of increase of deposits from 1864 to 1874 was 247 per cent.; from 1874 to 1884, 21 per cent. This reduction is due to a diversion of savings from the banks to the endowment orders, so called.

What limit, if any, shall be fixed upon the total in any one

* I assumed the rate of progress from 1892 to 1894.

bank has never yet been determined. The views of the trustees of the Provident Institution have been expanding since Mr. Savage said "that if ever the bank should have \$10,000,000 on deposit, it would be time to close the doors," until now they have over \$35,000,000, and stand ready to receive more.

If the banks go on receiving deposits, two questions arise: first, whether the business of considering and making investments and regulating the policy of the bank will not occupy the whole time of the Board of Investment and involve their being compensated; second, whether the increased assets can be satisfactorily invested without extending the list of possible investments.

Up to this time the board is content with the present circumscription of investments, and anticipates no difficulty in investing what moneys they receive.

All legislation should follow out the original intention of the founders of this great charity. As savings banks have been long established in Great Britain, and as the whole subject has been very frequently discussed and very thoroughly investigated from 1817 to 1863, it may be worth while to recount briefly their experience and their conclusions derived from that experience.

1. That security rather than a high rate of interest is chiefly regarded by the class for whom savings banks were instituted, and interest rather than security by those for whom they were not instituted, has been constantly urged by those entitled to know, and abundantly proved by the increase of deposits of the former and the withdrawal of the deposits of the latter class under the gradual reduction of the rate of interest from $4\frac{1}{2}$ per cent. in 1817 to 3 per cent. in 1861, when the complete security provided by the post-office savings banks, then established by Mr. Gladstone, but allowing only $2\frac{1}{2}$ per cent. interest, rapidly depleted the old savings banks with their higher dividends but imperfect security.

December, 1874, 5,068 post-office banks; 3,045,000 depositors; £23,158,000 deposits.

The experience in England, as well as in France, Germany, Holland, and Switzerland, has further demonstrated that the

millions deposited in savings banks prudently invested will not, year by year, yield a higher income than the best government securities, and that as the deposits, and consequently the investment, increases, the difficulty increases, and that the security of the principal is in inverse ratio to the interest.

An investigation into the working of savings banks in Great Britain for forty years revealed a loss to the government who received the deposits of the savings banks, of \$22,000,000 on a payment of \$192,000,000, or about 12 per cent., equal to about $\frac{1}{3}$ per cent. per annum, a portion of which was incurred by loss of interest on a necessary cash balance, on funds not at once invested, but principally by an invariable loss on the sales and purchases of consols; and an analysis of the records of our savings banks would confirm this experience; for as, by their fundamental conditions, savings banks are bound to receive and repay deposits at the will of the depositors, it is obvious that the immediate or almost immediate investment of deposits as they are received entails the frequent purchase of stock at high prices in prosperous times when deposits are pouring in, and that immediate repayments of deposits on demand must, conversely, involve the frequent sale of stock at low prices in times of depression when deposits fall off and withdrawals are numerous. The expense of conducting the banks,—rent and salaries, etc.,—which in England is defrayed by the $\frac{1}{4}$ per cent. difference in rate of interest allowed by the government to the banks and that allowed by the banks to the depositors, would here have to be taken from the interest earned, and reduce still further the amount credited to depositors.

This loss, incident to the average transactions of savings banks, is especially and wantonly aggravated, not by those who from time to time deposit their surplus earnings only to be withdrawn in case of absolute necessity, but by those who abuse this charity by temporarily depositing large sums in several banks when interest is low and stocks high, and withdrawing as soon as the rise of money and the decline in stocks allow of a more profitable investment.

To prevent this abuse of savings banks, imposing extra work and responsibility upon unpaid benevolent trustees, and entail-

ing certain loss of assets, no person is allowed to deposit in more than one bank in Great Britain, upon pain of forfeiting his deposit; and to prevent fraudulent trusts, no person making a deposit as trustee can withdraw such deposit except in the presence of and with the receipt of the other party.

To lessen the loss consequent upon immediate withdrawals and immediate conversion of stocks into cash in times of depression, notice is demanded proportionate to the amount to be withdrawn.

These are wise precautions tending to limit the privileges of savings banks to those who need them, and tending to secure to those who withdraw and to those who leave their deposits repayment of principal and interest; but there still remains the fact that savings banks are peculiarly exposed to losses without compensating gains.

The tariff of an insurance company, fire, life, or marine, is adjusted so as to leave a profit on an average of gains and losses, founded upon the statistics of many years. The value of their investments is not affected by fire or death or disasters by sea; and yet the fire companies with all their accumulated profits could not withstand a conflagration, nor could the life companies endure a prolonged visitation of the cholera. Much less could any savings bank without any accumulated profits, and whose range of investments, necessarily limited, and forced upon the market when money is tight, declining rapidly with every sale, cash any considerable portion of its deposits, principal and interest, and at the same time guarantee principal and interest to the remaining depositors, unless a considerable reserve fund be accumulated out of the interest received.

A surplus, or reserve fund, is needed to guard against insolvency from the fluctuations of values, and the normal conditions of a savings bank, without anticipating any prolonged panic which might exhaust any reserve the banks would deem reasonable, and drive the savings banks to suspend, as did some of those in Holland a few years ago, owing to the great decline in government stocks; or to demand an extension, as in France in 1843.

We must legislate for the good of the whole, not for individ-

uals; and a large reserve is essential for the safety of the whole body of depositors.

The maximum deposit upon which interest is allowed abroad ranges from \$200 in the French to \$750 in the English banks. Here it has gradually run up from \$500 to \$1,600; and while the latter limit seems unnecessarily large, if a low rate of annual dividends is insisted upon and fraudulent trusts prevented, the prowlers who prey upon this charity may be driven away, and this advanced limit only availed of by persons who deserve the privilege. In New York one rate of interest is allowed on all sums not exceeding \$500, 1 per cent. less on surplus over \$500 and up to \$1,000, and 1 per cent. less on the excess over \$1,000.

The defalcations in the savings banks in Great Britain from 1844 to 1857 amounted to \$1,330,000, of which the depositors lost about one-half. The balance was made up by government and the trustees. But the distrust and recklessness caused by these frequent and widespread frauds were out of all proportion to the pecuniary loss.

As the most effectual safeguard against malversation, it was enacted that not less than two persons being trustees, managers, or paid officers employed for this specific purpose, shall be present on all occasions of public business, and be parties to every transaction of deposit and repayment, so as to form a double check on every cash payment; and this precaution, practised in many of our savings banks, should be enforced in all of them.

The responsibility of trustees has been the subject of much discussion and legislation in England, where their function is limited to superintendence and to the faithful transfer of the funds to and from the government commission, and not extended, as here, to their judicious investment. At one time trustees were made pecuniarily liable to a limited extent, but at present, as in 1828, they are only accountable for wilful neglect or default.

The savings banks in Great Britain are subject to frequent unapprised audits and inspections,—a process more simple and practicable there than here, because limited to the accounts

and cash, the funds being, as I have stated, in the custody of a government commission; but all the more important here as including the value of investments, and perhaps practicable if a board of at least three upright and competent commissioners are selected and adequately compensated for the service.

An inspection and comparison of the books of depositors with the bank ledgers has been urged as the only thorough mode of testing the accuracy and verity of the entries, but, although most desirable, it was found to be impracticable, except in very small banks. A uniform system of book-keeping is insisted upon in England, and should be prescribed here, in the interest of the banks, the inspectors, and depositors.

HENRY LEE.

May 8, 1893.

APPENDIX.

The history of the Massachusetts savings banks can be read to a considerable extent from the following tables of statistics, showing their steady rise both absolutely and in proportion to the population of the State.

The only considerable interruptions to their steady prosperity have been the great financial crises of 1837, 1857, and 1873.

In 1837 their losses have been estimated at from \$250,000 to \$300,000, owing to their large investment in the stock of State banks. In 1834, out of a total deposit of \$3,407,773, their investments in bank stocks, loans secured by bank stocks, and deposits in banks amounted to \$2,270,696, or nearly 70 per cent. of the deposits.

The crisis of 1857 was less severely felt, both because the State banks were stronger and because the savings banks had relatively less invested in them (\$8,521,472 out of a total deposit of \$33,914,971, or about 25 per cent.).

The panic of 1873 brought heavy loss to the savings banks. The withdrawal of deposits incidental to hard times was greatly aggravated by the withdrawal of large deposits by financiers who were improperly using the banks for the investment of considerable sums in trust for imaginary beneficiaries.

The banks had largely invested in real-estate mortgages, and, when they were obliged to sell or foreclose a large amount of them at once in a time of financial depression, they were unable to do so without a loss. The stay-law of 1878 gave the bank commissioners power to limit the time and amount of the payments to depositors whenever, in their judgment, the welfare of the depositors so demanded. Depositors could appeal to the courts if dissatisfied. Twenty-four banks availed themselves of the law, and all but one of them ultimately resumed.

Of 180 savings banks in operation in October, 1875, 46 either suspended payments or took advantage of the stay-law. Twelve of these

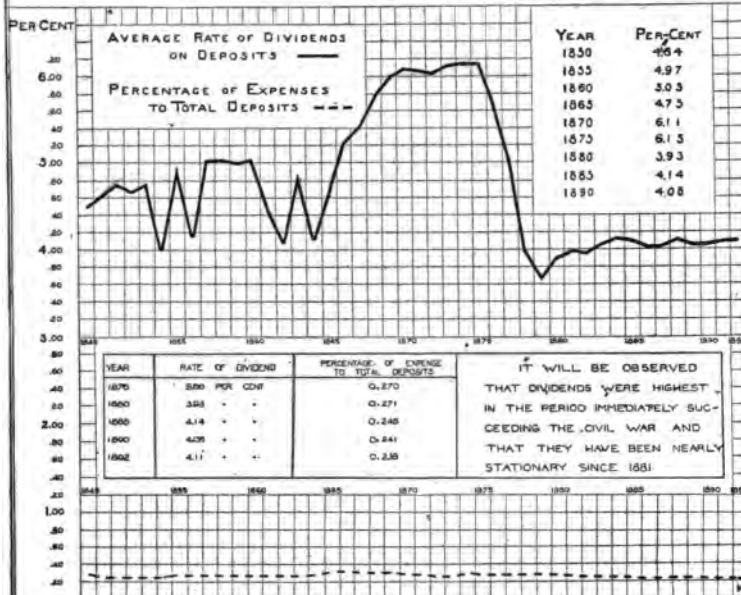
ultimately closed, two paying in full. The crisis was aggravated by the starting of a number of banks that never should have existed. There were 179 banks in 1874, a number that was not again reached till 1890.

LEGISLATION.

There was no savings-bank law, except the charters of the several banks, until 1834. The law of that year has remained the foundation of the Massachusetts savings-bank law ever since. The most important modifications have been provisions for more rigid State supervision, and the extension of the permitted field of investment so as to include certain first-class railroad, State, county, and municipal bonds and notes.

For details concerning Massachusetts savings banks see the reports of the commissioners of savings-banks: a "History of the Massachusetts Savings Banks," by William Woodward, reprinted from the *Banker's Magazine* of New York by Homans Publishing Company, New York, 1889, from which the above sketch is chiefly taken; "History and Operations of Savings Banks," *Banker's Magazine*, New York, May, 1888, and "The Massachusetts Savings Banks," same, April, 1891, both by Mr. E. A. Stone, of the Franklin Savings Bank, Boston.

MASSACHUSETTS FINANCIAL ADMINISTRATION OF SAVINGS BANKS

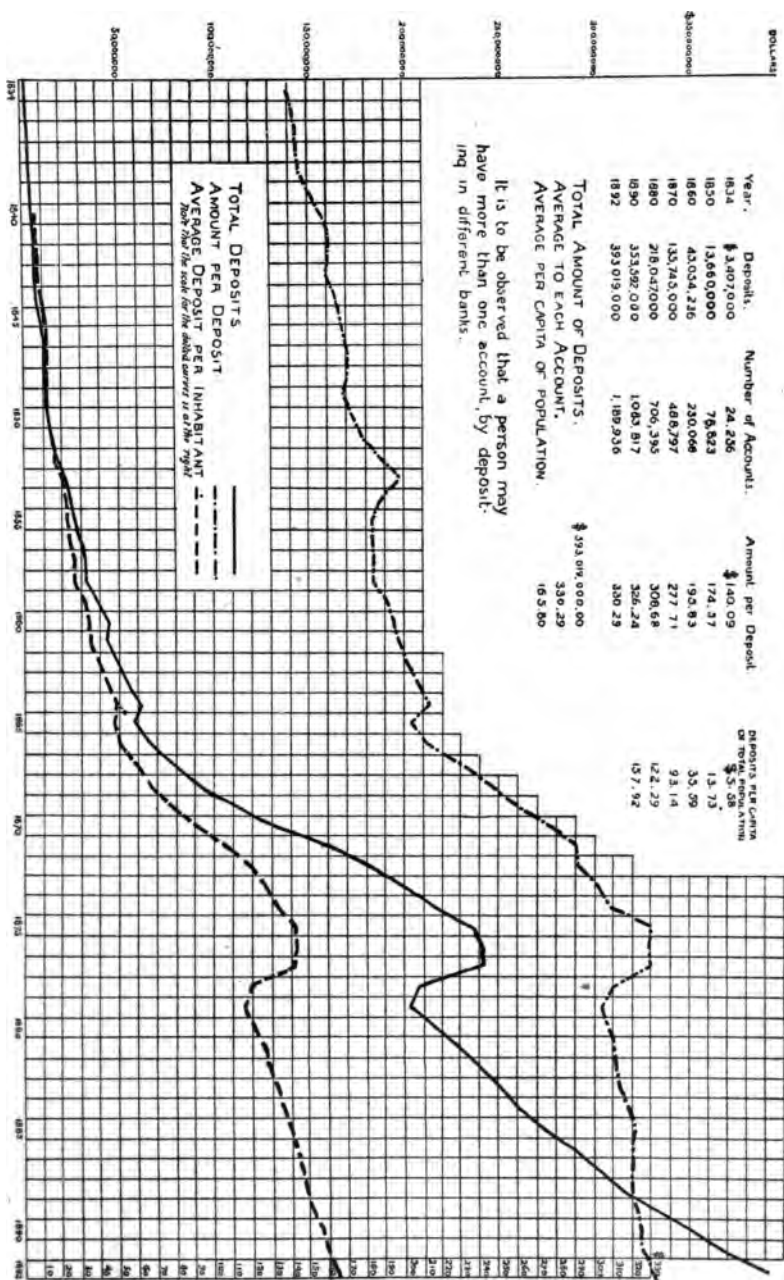


INVESTMENTS OCTOBER 31, 1892.

LOANS ON REAL ESTATE	\$16,583,463.6
LOANS ON PERSONAL SECURITY	9,414,437.6
INVESTED IN OR LOANED UPON PUBLIC FUNDS	3,124,462.
COUNTY, CITY AND TOWN NOTES	840,505.7
RAILROAD BONDS	3,356,144.8
RAILROAD NOTES AND	
LOANS ON RAILROAD BONDS AND STOCK	5,637,413.
BANK STOCK AND LOANS ON BANK STOCK	3,097,233.7
DEPOSITS IN BANK	13,000,380.
SUNDRY ASSETS AND CASH ON HAND	6,146,694.
TOTAL	\$41,589,813.6

* \$4,745,565 OF THIS IS SECURED BY COLLATERAL.

OF THE 1732 MILLION DOLLARS DEPOSITED IN THESE BANKS SINCE 1816, LESS THAN ONE-SEVENTH OF ONE PER CENT HAS BEEN LOST FROM FAILURES AND ALL OTHER CAUSES.



Year.	Deposits.	Number of Accounts.	Amount per Deposit.	DEPOSITS PER CAPITA OF TOTAL POPULATION.
1834	\$ 3,407,000	24,236	\$ 140.09	\$ 5.38
1850	13,660,000	78,623	174.37	13.73
1860	42,024,236	230,066	190.83	35.59
1870	133,743,000	468,297	277.71	93.14
1880	276,042,000	706,393	306.68	122.29
1890	353,592,000	1,085,817	326.24	157.92
1892	393,019,000	1,189,936	320.29	

TOTAL AMOUNT OF DEPOSITS.
 AVERAGE TO EACH ACCOUNT.
 AVERAGE PER CAPITA OF POPULATION.

It is to be observed that a person may have more than one account, by depositing in different banks.

	1816	1817	1818	1819	1820	1821-4
No. of Banks in existence at close of year	1	1	2	2	3	3

TABLE EXHIBITING THE NUMBER, CONDITION, AND PROGRESS
FROM 1834 TO
[Returns first required

YEAR.	No. of Banks.	No. of Deposit Accounts.	Increase in No. of Accounts over Previous Year.	Amount of Deposits.	Increase in Amount of Deposits over Previous Year.
1834,	22	24,256	—	\$3,407,773.00	—
1835,	27	27,232	2,976	3,921,370.00	\$513,597.00
1836,	28	29,786	2,554	4,374,578.00	453,208.00
1837,	30	32,564	2,778	4,781,426.00	406,848.00
1838,	30	33,063	499	4,860,393.00	87,967.00
1839,	30	36,686	3,623	5,068,159.00	738,766.00
1840,	31	37,470	784	5,819,554.00	211,395.00
1841,	30	41,423	3,953	6,714,182.00	894,628.00
1842,	31	42,587	1,164	6,900,451.00	186,270.00
1843,	31	43,217	630	6,935,547.00	35,095.00
1844,	31	49,699	6,482	8,261,345.00	1,325,798.00
1845,	33	58,178	8,479	9,813,288.00	1,551,943.00
1846,	38	62,893	4,715	10,080,933.00	867,645.00
1847,	39	68,312	5,419	11,780,813.00	1,099,880.00
1848,	41	69,894	1,582	11,970,448.00	189,635.00
1849,	43	71,629	1,735	12,111,554.00	141,106.00
1850,	45	78,823	7,194	13,060,024.00	1,548,471.00
1851,	45	86,537	7,715	15,554,089.00	1,894,065.00
1852,	53	97,353	10,816	15,401,308.00	2,847,219.00
1853,	60	117,404	20,051	23,370,102.00	4,968,794.00
1854,	73	136,654	19,250	25,936,858.00	2,566,756.00
1855,	80	148,263	11,609	27,296,217.00	1,257,359.00
1856,	81	165,484	17,221	30,373,447.00	3,077,231.00
1857,	86	177,375	11,891	33,015,757.00	2,642,310.00
1858,	86	182,655	5,280	33,914,972.00	899,215.00
1859,	86	205,409	22,754	39,424,419.00	5,509,647.00
1860,	89	230,068	24,659	45,054,236.00	5,629,817.00
1861,	93	225,058	5,010†	44,785,439.00	268,797.00†
1862,	93	248,900	23,842	50,403,674.00	5,618,235.00
1863,	95	272,219	23,319	56,883,828.00	6,480,154.00
1864,	97	291,616	19,397	62,557,604.30	5,673,775.75
1865,	102	291,488	128†	59,936,482.52	2,621,121.78†
1866,	102	316,853	25,365	67,732,264.31	7,795,281.79
1867,	108	348,593	31,740	80,431,583.71	12,699,319.40
1868,	115	383,094	34,501	94,838,336.54	14,406,752.83
1869,	130	431,769	48,675	112,119,016.64	17,280,680.10
1870,	139	488,797	57,028	135,745,097.54	23,626,080.90
1871,	160	561,201	72,404	163,704,077.54	27,958,980.00
1872,	172	630,246	69,045	184,797,313.92	21,093,236.38
1873,	175	666,229	35,983	202,195,343.70	17,398,029.78
1874,	179	702,099	35,870	217,452,120.84	15,256,777.14
1875,	180	720,639	18,540	237,848,963.21	20,396,842.37
1876,	180	739,289	18,650	243,340,642.75	5,491,679.54
1877,	179	739,757	468	244,596,614.18	1,255,971.43
1878,	168	674,251	65,506†	209,860,631.18	34,735,983.00†
1879,	166	675,555	1,304	206,378,709.53	3,481,921.65†
1880,	164	706,395	30,840	218,047,922.37	11,669,212.84
1881,	165	738,951	32,556	230,444,479.10	12,396,556.73
1882,	166	772,518	33,567	241,311,362.49	10,866,883.39
1883,	168	806,010	33,492	252,607,593.02	11,296,230.53
1884,	168	826,008	19,998	262,720,146.97	10,112,553.95
1885,	171	848,787	22,779	274,998,412.93	12,278,265.96
1886,	172	906,039	57,252	291,197,900.96	16,199,488.03
1887,	173	944,778	38,739	302,948,624.08	11,750,723.12
1888,	176	983,202	38,424	315,185,070.57	12,236,446.49
1889,	177	1,029,694	46,492	332,723,688.59	17,538,618.02
1890,	179	1,083,817	54,123	353,592,937.24	20,869,248.65
1891,	180	1,131,203	47,386	369,526,385.54	15,933,448.30
1892,	184	1,189,936	58,733	393,019,862.08	23,493,476.54

† Decrease.

1825	1826	1827	1828	1829	1830	1831	1832	1833
5	6	8	13	15	15	19	20	22

OF THE SAVINGS BANKS OF MASSACHUSETTS IN EACH YEAR
1892, INCLUSIVE.

by Acts 1834, Chapter 190.]

Average to Each Account.	Population of Massachusetts.	Deposits to Each Person of Population.	Expense of Management.	Percentage of Expense to Total Deposits.	Average Rate of Dividend.
\$140.03	614,108*	\$5.58	\$10,068.00	.0033	\$4.67
143.99	—	—	12,066.00		
146.19	—	—	14,413.00		
146.51	—	—	17,504.00		
147.27	—	—	18,329.00		
152.86	737,609	7.83	17,204.00	.0029	6.50
157.98			17,952.00		
162.08			19,248.00		
162.03			—		
160.40			20,777.00		
166.23	—	—	22,688.00	.0026	4.50
168.66	—	—	27,017.00		
169.82	—	—	29,307.00		
172.45	—	—	34,490.00		
171.26	—	—	36,405.00		
169.08	994,514	13.73	37,361.00	.0028	4.64
174.57			41,681.00		
170.73			43,707.00		
189.01			49,380.00		
199.05			59,071.00		
189.88	1,132,369	24.12	63,471.00	.0027	4.78
184.10			77,757.00		
184.15			89,309.00		
186.13			102,027.00		
185.67			105,339.00		
191.93	1,232,065	35.59	107,951.00	.0031	5.80
195.83			112,264.00		
198.99			120,886.00		
202.50			135,783.00		
208.92			140,713.00		
214.52	1,267,329	47.29	184,730.77	.0027	6.15
205.62			203,148.56		
213.76			219,257.03		
230.73			254,225.79		
247.55			297,527.60		
259.67	1,457,352	93.14	339,271.57	.0027	6.09
277.71			375,734.09		
291.52			429,080.09		
293.21			469,681.80		
303.49			547,518.83		
309.71	1,651,652	144.00	644,682.68	.0027	6.17
330.05			661,503.92		
329.15			657,858.72		
330.64			671,728.23		
311.25			606,550.23		
305.50	1,783,086	122.29	590,820.18	.0027	3.68
308.68			581,274.35		
311.85			617,672.51		
312.37			619,829.24		
313.40			650,247.92		
318.05	1,941,465	141.64	658,660.60	.0025	4.15
323.99			674,561.84		
321.40			698,087.72		
320.66			747,295.32		
320.57			783,158.82		
323.13	2,238,943	157.92	827,619.26	.0024	4.08
326.24			850,978.56		
326.67			882,787.61		
330.29			936,829.59		

* In 1830.

STATUTES

OF THE

Commonwealth of Massachusetts

RELATING TO

SAVINGS BANKS AND INSTITUTIONS FOR SAVINGS

CORRECTED TO OCTOBER 31, 1892

P. S., CHAPTER 116, AS AMENDED TO
OCT. 31, 1892.

[WITH REFERENCES TO THE AMENDMENTS AND ADDITIONAL
LEGISLATION NOTED IN THE MARGIN.]

COMMISSIONERS OF SAVINGS BANKS.

SECTION 1. The board of commissioners of savings banks shall consist of three commissioners appointed by the governor, with the advice and consent of the council, subject to removal in like manner, each of whom shall be sworn, and shall hold office for the term of three years, unless sooner removed. Upon the occurrence of a vacancy before the expiration of a term, an appointment shall be made for the remainder of the term. The governor shall designate a member of said board to be the chairman thereof. The annual salary of the chairman of the board shall be thirty-five hundred dollars, that of the other commissioners three thousand dollars each.

Appointment
and tenure of
office of board.
1889, chap. 321.

SECT. 2. The board shall be allowed two thousand seven hundred dollars a year for clerical assistance, and also the actual expenses incurred in travelling in the discharge of its official duties.

Compensation
and allowances.
1879, 124, § 1.
1886, 252.
1889, 77.

SECT. 3. The commissioners shall visit once in every year, and as much oftener as they deem expedient, every savings bank and institution for savings incorporated by authority of this Commonwealth, and when such institutions are connected with a national bank they shall make such arrangements with the national bank examiner, if possible, that their visits shall be simultaneous. At such visits they shall have free access to the vaults, books and papers, and shall thoroughly inspect and examine all the affairs of each of said corporations, and make such inquiries as may be necessary to ascertain its condition and ability to fulfil all its engagements, and whether it has com-

The board to
visit and examine
every bank
annually.
1866, 192, § 2.
1876, 231, § 3.
1888, chap. 51.

plied with the provisions of law. They shall preserve in a permanent form a full record of their proceedings, including a statement of the condition of each of said corporations.

The board may summon and examine officers, etc.; penalty for refusing to obey summons, or obstructing commissioner. 1866, 192, § 3. 1876, 231, § 3.

SECT. 4. Either of the commissioners may summon all trustees, officers or agents of any such corporation, and such other witnesses as he thinks proper, in relation to the affairs, transactions and condition of the corporation, and for that purpose may administer oaths; and whoever refuses, without justifiable cause, to appear and testify when thereto required, or obstructs a commissioner in the discharge of his duty, shall be punished by fine not exceeding one thousand dollars, or imprisonment not exceeding one year.

Shall examine bank on request of five officers, or creditors, etc. 1866, 192, § 4. 1876, 231, § 3.

SECT. 5. Upon the certificate under oath of any five or more officers, trustees, creditors or depositors of any such corporation, setting forth their interest and the reasons for making such examination, directed to the commissioners and requesting them to examine such corporation, they shall forthwith make a full investigation of its affairs in the manner before provided.

Proceedings by, when bank is insolvent, or in a hazardous condition. 1866, 192, § 5. 1876, 231, § 3.

SECT. 6. The commissioners, if upon such examination any such corporation appears to be insolvent, or its condition such as to render its further proceeding hazardous to the public or to those having funds in its custody, shall apply, or, if such corporation appears to have exceeded its powers or failed to comply with any rule, restriction or condition provided by law, they may apply to a justice of the supreme judicial court to issue an injunction restraining such corporation, in whole or in part, from further proceeding with its business until a hearing can be had. Such justice may, with or without previous notice, issue such injunction, and, after a full hearing, may dissolve or modify it or make it perpetual, and may make such orders and decrees according to the course of proceedings in equity to restrain or prohibit the further prosecution of the business of the corporation as may be needful in the premises; and may appoint one or more receivers to take possession of its property and effects, subject to such directions as may from time to time be prescribed by the court or a justice thereof.

Schedule of effects to be made, sworn to and delivered to receivers and a

SECT. 7. When receivers are so appointed, the treasurer of the corporation shall make a schedule of all its property; and its treasurer, board of investment, and other officers transfer-

ring its property to the receivers shall make oath that said schedule sets forth all the property which the corporation owns or is entitled to. The treasurer shall deliver said schedule to the receivers and a copy thereof to the commissioners, who may at any time examine under oath such treasurer, board of investment or other officers, in order to determine whether or not all the property which the corporation owns or is entitled to has been transferred to the receivers.

copy thereof to commissioners. Officers may be examined under oath. 1878, 253, § 5.

SECT. 8. The commissioners, or one of them, shall at least once in every year, and as much oftener as they deem expedient, examine the accounts and doings of all such receivers; and shall carefully examine and report upon all accounts and reports of receivers made to the supreme judicial court and referred to the commissioners by the court; and, for the purposes of this section, shall have free access to the books and papers relating to the transactions of such receivers, and may examine them under oath relative to such transactions.

Commissioners to examine the accounts, etc., of receivers annually. 1878, 253, §§ 1, 2, 3.

SECT. 9. The commissioners, if in their opinion any such corporation or its officers or trustees have violated any law in relation to savings banks, or institutions for savings, shall forthwith report the same, with such remarks as they deem expedient, to the attorney-general, who shall forthwith institute a prosecution for such violation in behalf of the Commonwealth.

To report violations of law. 1866, 192, § 7. 1876, 231. 1878, 253, § 6.

SECT. 10. The commissioners, whenever in their opinion any such receiver has violated his duty, shall present the facts to the supreme judicial court.

To report violations of law by receivers. 1878, 253, § 4.

SAVINGS BANKS AND INSTITUTIONS FOR SAVINGS.

SECT. 11. All savings banks or institutions for savings, incorporated under the authority of this Commonwealth, may exercise the powers, and shall be governed by the rules, and subject to the duties, liabilities, and provisions contained in the following sections, so far as the same are consistent with the provisions of their respective charters; and any such corporation may, by vote at its annual meeting or at a meeting called for the purpose, accept any provision of said sections which is inconsistent with its charter.

Savings banks and institutions for savings, powers and duties of. 1876, 203, § 1.

SECT. 12. The general court may make other or further regulations for the government of such corporations, or may take away their corporate powers; and every such corporation and

Power of general court over same. Penalty for obstructing investigation.

G S. 57, §§ 102,
103, 155.
1876, 203, § 27.

its officers shall be subject to examination by any committee of the general court appointed for the purpose, who may examine into the doings of the corporation, and shall have free access to its books and vaults. An officer of such corporation, or other person having charge of its books and property, who refuses or neglects to exhibit them to such committee, or who in any way obstructs its examination thereof, shall be punished by fine not exceeding ten thousand dollars, or imprisonment not exceeding three years.

OFFICERS AND MEETINGS.

Officers of such
corporations.
1876, 203, §§ 2, 3.

SECT. 13. The officers of every such corporation shall consist of a president, one or more vice-presidents, a board of not less than nine trustees, a treasurer, clerk, and such other officers as it may find necessary for the management of its affairs. The president, vice-president and trustees shall be chosen from the members, and no person shall hold any office in two such corporations at the same time. Such officers shall be sworn, and shall hold their several offices until others are chosen and qualified in their stead, except in the cases hereinafter provided otherwise.

Treasurer's
bond, and duty
of trustees and
board concern-
ing same.
1889, 180.

SECT. 14. The treasurer shall give bond for the faithful discharge of his duties to the satisfaction of the trustees, and shall file with the commissioners of savings banks an attested copy of his bond, with a certificate of the custodian of the bond that the original is in his possession. The treasurer shall notify said commissioners of any change thereafter made therein. If a treasurer fails within ten days from the date thereof to file a copy of his bond, or to notify the commissioners of any change therein as required by this act, he shall be liable to a penalty of fifty dollars. The commissioners shall keep a record showing when said bonds expire and the changes so notified, and, whenever in their judgment it is necessary for the security of the depositors, shall require a new bond in such amount and with such sureties as they may approve. The treasurer of each savings bank or institution for savings shall give a new bond as often as once in five years.

1886, 93.

Choice and ap-
pointment of
officers.
Vacancies.
Not taking oath

SECT. 15. The officers of every such corporation, except the treasurer, shall be chosen at its annual meetings, to be holden at such time as the by-laws direct, anything in its charter to the

contrary notwithstanding. The treasurer shall be appointed by the trustees, and shall hold his office during their pleasure. If an office becomes vacant during the year, the trustees may appoint a person to fill the same until it is filled at the next annual meeting; and if a person chosen or appointed does not within thirty days thereafter take the oath, his office shall thereupon become vacant. The person acting as clerk at such meeting shall, within ten days thereafter, notify all persons elected to an office, and within thirty days thereafter shall publish in some newspaper published within the county a list of all persons who have taken the oath of office to which they were elected. A clerk neglecting to make such notification or publication, or making a false publication, and any person who knowingly publishes or circulates, or knowingly causes to be published or circulated, a printed notice containing the name of a person as an officer of any such corporation who has not taken the oath of office, shall be liable to a penalty of fifty dollars.

to vacate office.
Clerk to notify
persons elected,
and publish list.
Penalty.
1876, 203, § 4.

SECT. 16. Every such corporation may at any time hold special meetings by order of its trustees; and its treasurer shall also notify special meetings upon the requisition in writing of any ten members of the corporation. Notice of all meetings shall be given by public advertisement in some newspaper of the county where the corporation is established, and by seasonably mailing to each member a written or printed notice of such meeting.

Special meet-
ings, how called
and notified.
1884, 150.

SECT. 17. Every such corporation may, at a legal meeting, elect by ballot any citizen of this Commonwealth to be a member thereof; and any person may, at an annual meeting, cease to be a member, if he has filed with the treasurer a written notice of his intention so to do three months at least before such meeting. If a member fails to attend two consecutive annual meetings his membership may be declared forfeited by vote of the corporation at its next annual meeting: *provided, however,* that the member shall be notified of such proposed vote by letter duly addressed to his last and usual place of abode and mailed at least three months prior to such annual meeting. Such action and vote recorded shall be considered evidence of forfeiture of membership. No person shall continue to be a member after removing from the Commonwealth.

Members of the
corporation.
1890, 222.

Regular meetings of trustees to be held once in three months. Quorum. Statement of condition of bank. Record of each meeting, and names of trustees present. Office of trustee, how vacated, and proceedings thereon. 1876, 203, § 7. 1888, 96.

Names of investing officers to be published in newspaper. 1882, 50, § 1.

Business to be transacted at banking house only, located in city or town where such corporation is established. 1884, chap. 253. 1889, chap. 91.

SECT. 18. A regular meeting of the board of trustees of every such corporation shall be held as often as once in three months, for the purpose of receiving the report of its treasurer and for the transaction of other business. A quorum shall consist of not less than seven trustees, but less than a quorum may adjourn from time to time or until the next regular meeting. At each regular meeting the trustees shall cause to be prepared a statement showing the condition of the corporation as it appears upon its books, in the form of a trial balance of its accounts, and such statement shall be posted in a conspicuous place in its banking room, and there remain until the next regular meeting of said board. A record shall be made at each meeting of the transactions of the trustees and the names of those present. If a trustee fails both to attend the regular meetings of the board and to perform any of the duties devolved upon him as such trustee, for six consecutive months, his office shall thereupon become vacant. A record of such vacancy shall be entered upon the books of the corporation and a transcript of such record shall be sent by mail to the person whose office is thus made vacant.

The trustees of every savings bank and institution for savings, incorporated under the authority of this Commonwealth, shall cause to be published semi-annually in some newspaper published in the county in which said corporation is located the names of the members of the board of investment or other officers of such corporation charged with the duty of investing its funds. The first publication thereof shall be within thirty days of the election of said officers and the second publication at the expiration of six months therefrom.

A savings bank or institution for savings incorporated under the provision of chapter one hundred and sixteen of the Public Statutes shall carry on its usual business at its banking house only, and no deposit shall be received, nor payment on account of deposits be made by such corporation or by any person on its account in any other place than at its banking house; and such banking house shall be kept in the city or town in which such corporation is established; provided, however, that its annual meeting and meetings of its trustees may be held at other places in the city or town where it is located.

DEPOSITS, LOANS AND INVESTMENTS.

SECT. 19. Every such corporation may receive deposits from any person until they amount to one thousand dollars ; and may allow interest upon such deposits, and upon the interest accumulated thereon, until the principal, with the accrued interest, amounts to sixteen hundred dollars ; and thereafter upon no greater sum than sixteen hundred dollars ; but the limitations contained in this section shall not apply to deposits by religious or charitable corporations, or to deposits made by direction of a probate court, by virtue of the sixteenth section of the one hundred and forty-fourth chapter of the Public Statutes.

Limit to amount of deposits from any person, and interest.
1876, 203, § 8.
1889, chap. 86.

SECT. 20. Deposits and the income derived therefrom shall be invested only as follows :—

Deposits, etc., how invested.
1876, 203, § 9.

First, On first mortgages of real estate, situated in this Commonwealth, to an amount not to exceed sixty per cent. of the valuation of such real estate : but not exceeding seventy per cent. of the whole amount of deposits shall be so invested ; and no loan on mortgage shall be made except upon the report of not less than two members of the board of investment, who shall certify to the value of the premises to be mortgaged, according to their best judgment, and such report shall be filed and preserved with the records of the corporation.

First mortgages of real estate.
1876, 203, § 9, cl. 1.

Second, In the public funds of the United States, or any of the New England states, or of the state of New York, in the bonds or notes of any city, county or town of this Commonwealth, or of any city of the states of Maine, New Hampshire, Vermont, Rhode Island, or Connecticut, whose net indebtedness does not exceed five per cent. of the last preceding valuation of the property therein, for the assessment of taxes ; or of any county or town thereof whose net indebtedness does not exceed three per cent. of such valuation ; or in the notes of any citizen of this Commonwealth, with a pledge of any of the aforesaid securities at no more than the par value thereof.

Public funds.
1876, 203, § 9, cl. 3.
1880, 177, § 1.
1881, 214, § 2.

Savings banks and institutions for savings may, in addition to the securities mentioned in section twenty of chapter one hundred and sixteen of the Public Statutes, invest their deposits, and the income derived therefrom, in the bonds and notes of incorporated districts in this Commonwealth whose net

1885, chap. 111.

indebtedness does not exceed five per cent. of the last preceding valuation of the property therein for the assessment of taxes.

May make certain additional investments.
1888, chap. 90.
1890, chap. 369.

In addition to the investments authorized by section twenty of chapter one hundred and sixteen of the Public Statutes, savings banks and institutions for savings may invest their deposits and the income derived therefrom in the legally authorized bonds of the states of Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin and Iowa, and of the District of Columbia, and in the legally authorized bonds for municipal purposes, and refunding bonds issued to take up at maturity bonds which have been issued for other than municipal purposes, but on which the interest has been fully paid, of any city of the aforesaid states and in the state of New York, which has at the date of such investment more than thirty thousand inhabitants, as established by the last national or state census, or city census, certified to by the city clerk or treasurer of said city and taken in the same manner as a national or state census, preceding such investment, and whose net indebtedness does not exceed five per cent. of the valuation of the taxable property therein, to be ascertained by the last preceding valuation of property therein for the assessment of taxes; and in the note or notes of any citizen of this Commonwealth, with a pledge as collateral of any of the aforesaid securities, the amount invested in such note or notes not to exceed in any case eighty per cent. of the market value of the securities pledged.

1883, chap. 127.

The term "net indebtedness," used of city, town or district in any statute limiting or regulating the investment of sinking, trust and other funds of the Commonwealth, the deposits in savings banks and trust companies or other like funds shall be construed to denote the indebtedness of such city, town or district, omitting debt created for supplying the inhabitants with water and deducting the amount of sinking funds available for the payment of such indebtedness.

Railroad bonds.
1881, 214, §§ 1, 4.
1888, chap. 213.
Railroad stock.
1887, chap. 196.

Third, In the first mortgage bonds of any railroad company incorporated under the authority of any of the New England states and whose road is located wholly or in part in the same, and which is in possession of and operating its own road, and has earned and paid regular dividends for the two years next preceding such investment; or in the first mortgage bonds, guaranteed by such railroad company, of any railroad company

so incorporated whose road is thus located ; or in the bonds or notes of any railroad company incorporated under the laws of this Commonwealth and whose road is located wholly or in part therein, and is unencumbered by mortgage and which has paid a dividend of not less than five per cent. per annum for two years next preceding such investment ; or in the note or notes of any citizen of this Commonwealth with a pledge as collateral of any of the aforesaid securities at no more than the par value thereof ; or in the note or notes of any citizen of this Commonwealth with a pledge as collateral, shares of the capital stock of any railroad company incorporated under the authority of any of the New England states and whose road is located wholly or in part therein and which is in possession of and operating its own road and has earned and paid regular dividends of not less than five per cent. per annum on all its issues of capital stock for five years next preceding the date of such note or notes or any renewal thereof and at no more than seventy-five per cent. of the market value thereof, such note or notes to be payable on demand and to be paid or renewed within one year of the date thereof ; but street railway companies shall not be considered railroad companies within the meaning of this section.

Amendment.
1888, chap. 213.

Savings banks and institutions for savings may invest in the first mortgage bonds of any railroad company incorporated under the authority of any of the New England states and whose road is located wholly or in part in the same, and has earned and paid regular dividends for the two years next preceding such investment on all its issues of capital stock, notwithstanding the road of such company may be leased to some other railroad company.

1889, chap. 305.

Savings banks and institutions for savings may invest in bonds or notes of the Old Colony Railroad Company issued according to law, notwithstanding the mortgages on that part of its railroad formerly belonging to the Boston, Clinton, Fitchburg and New Bedford Railroad Company.

1883, chap. 134.

Savings banks and institutions for savings may invest in the bonds and notes of the Fitchburg Railroad Company issued according to law, notwithstanding the mortgages now existing upon the Boston, Barre and Gardner Railroad.

1885, chap. 348.

Savings banks and institutions for savings may invest in the bonds and notes of the Fitchburg Railroad Company issued according to law.

1887, chap. 113.

- 1886, chap. 176. Savings banks and institutions for savings may invest in the bonds and notes of the Worcester, Nashua and Rochester Railroad Company, issued according to law, notwithstanding the said railroad is leased to the Boston and Maine Railroad Company.
- 1888, chap. 53. Savings banks and institutions for savings may, subject to the provisions of article three of section twenty of chapter one hundred and sixteen of the Public Statutes, invest in or make loans upon the bonds and notes of the Boston and Lowell Railroad Corporation issued according to law, notwithstanding the mortgages on those portions of its railroad formerly belonging to the Salem and Lowell Railroad Company and the Lowell and Lawrence Railroad Company.
- 1888, chap. 250,
§ 2. Savings banks and institutions for savings may, subject to the provisions of article three of section twenty of chapter one hundred and sixteen of the Public Statutes, invest in bonds or notes of said Boston and Maine Railroad, issued according to law, notwithstanding any mortgages on that part of its railroad, franchises and property formerly belonging to the Eastern Railroad Company, the Eastern Railroad in New Hampshire, or the Portsmouth, Great Falls and Conway Railroad.
- 1890, chap. 298. Savings banks and institutions for savings are hereby authorized to invest in the first mortgage bonds of the Concord and Montreal Railroad, notwithstanding such company be formed by the union of two or more companies, only one of which has paid regular dividends for the two years next preceding such investment on all its issues of capital stock, and notwithstanding the mortgage indebtedness existing on that part of its road formerly belonging to the Boston, Concord and Montreal Railroad: *provided, however*, that said bonds shall be issued in whole or in part to renew and refund said existing first mortgage indebtedness, and that an amount of such bonds equal at the par value to the amount of such existing mortgage indebtedness shall, by the terms of the mortgage securing the same, be made applicable exclusively to the payment of such existing mortgage indebtedness and, for the purpose of securing such payment at the maturity of the same, shall be deposited with and held by such trust company, incorporated under the laws of this Commonwealth and doing business in the city of Boston, as may be approved by the board of commissioners of savings banks.

Savings banks and institutions for savings may invest in the first mortgage bonds of the Maine Central Railroad Company, notwithstanding the existence of a mortgage indebtedness not matured upon the whole or a part of the road of said railroad company: *provided, however*, that said bonds be issued in whole or in part to renew and refund said existing first mortgage indebtedness, and that an amount of such bonds equal at the par value to the amount of such existing mortgage indebtedness shall, by the terms of the mortgage securing the same, be made applicable exclusively to the payment of such existing mortgage indebtedness; and for the purpose of securing such payment at the maturity of the same, said bonds shall be deposited with and held by such trust company, incorporated under the laws of this Commonwealth and doing business in the city of Boston, as may be approved by the commissioners of savings banks.

1890, chap. 394.

Fourth, In the stock of any bank incorporated under the laws of this Commonwealth, or in the stock of any trust company, or safe deposit and trust company, incorporated under the laws of and doing business within this Commonwealth, as provided for in chapter four hundred thirteen of the acts of the year eighteen hundred eighty-eight, or of those trust companies, or safe deposit and trust companies, incorporated as such by special charters granted under the laws of and doing business within this Commonwealth, whose special charters require them to provide the same security as prescribed in sections thirteen and fourteen of said chapter four hundred thirteen, or in the stock of any banking association located in the New England states, and incorporated under the authority of the United States, or on the notes of any citizen of this Commonwealth, with a pledge as collateral of any of the aforesaid securities at no more than eighty per cent. of the market value and not exceeding the par value thereof: *provided*, that such corporation shall not hold, both by way of investment and as security for loans, more than one-quarter of the capital stock of any one bank, banking association, trust company, or safe deposit and trust company, herein described, nor invest nor hold as collateral security more than three per cent. of its deposits, nor more than one hundred thousand dollars in the capital stock of any one such bank, association, trust company, or safe deposit and trust company. No savings bank or institution for savings shall invest or hold

Bank stocks,
and deposits in
banks, etc.
1890, chap. 168.

as collateral security more than thirty-five per cent. of its deposits in the stocks of banks, banking associations, trust companies, or safe deposit and trust companies, such as are described in this clause. Savings banks and institutions for savings shall not deposit more than five per cent. of the amount of their deposits in any one bank, banking association, trust company, or safe deposit and trust company, herein described, nor an amount exceeding twenty-five per cent. of the capital stock and surplus of such bank, banking association, trust company, or safe deposit and trust company.

Loans to
depositors.
1879, 57, § 1.

Fifth, In loans upon the personal notes of the depositors of the corporation, but not exceeding one-half of the amount of his deposit, to a depositor; and in each such case the deposit and the book of the depositor shall be held by the corporation as collateral security for the payment of such loan.

Personal
securities.

1876, 203, § 9,
cl. 5.
1886, chap. 69.
1884, 168.

Sixth, If such deposits and income cannot be conveniently invested in the modes hereinbefore prescribed, not exceeding one-third part thereof may be invested in bonds or other personal securities, payable and to be paid at a time not exceeding one year, with at least two sureties, if the principal and sureties are all citizens of this Commonwealth and resident therein; *provided*, that the total liabilities to any such corporation, of any person, or of any partnership, company or corporation for money borrowed upon personal security, including in the liabilities of a partnership or company not incorporated the liabilities of the several members thereof, shall at no time exceed five per cent. of such deposits and income.

Corporation
building and
site.
1876, 203, § 9,
cl. 6.

Seventh, Ten per cent. of the deposits of any such corporation, but not exceeding two hundred thousand dollars, may be invested in the purchase of a suitable site and the erection or preparation of a suitable building for the convenient transaction of its business.

Real estate
acquired by
foreclosure, etc.
1876, 203, § 26.
See chap. 13,
§ 20.

Eighth, Any such corporation may hold real estate acquired by the foreclosure of any mortgage owned by it, or by purchase at sales made under the provisions of any such mortgage or upon judgments for debts due it, or in settlements effected to secure such debts; but all such real estate shall be sold by it within five years after the title thereof is vested in the corporation.

1886, chap. 77.

Any savings bank or institution for savings incorporated under the authority of this Commonwealth, may sell any real

estate now held by it, which has been acquired by the foreclosure of any mortgage owned by it, or by purchase at sales made under the provisions of any such mortgage, or upon judgment for debts due it or in settlements effected to secure such debts, at any time before the first day of July in the year eighteen hundred and eighty-eight: *provided, however*, that the commissioners of savings banks may, upon the petition of the board of investment of any savings bank or institution for savings, and for good cause shown, grant an additional time, notwithstanding any limit provided by the eighth clause of section twenty of chapter one hundred and sixteen of the Public Statutes, section one of chapter two hundred of the acts of the year eighteen hundred and eighty-two, and chapter fifty-two of the acts of the year eighteen hundred and eighty-three.

The exemption from taxation granted to savings banks and institutions for savings by section twenty of chapter thirteen of the Public Statutes on account of real estate acquired by the completion of foreclosure, or by purchase under the provisions of the eighth clause of section twenty of chapter one hundred and sixteen of the Public Statutes, is hereby extended and shall be allowed for the term during which such real estate shall be held under the provisions of chapter fifty-two of the acts of the present year, or of any general law; and the tax for the present year shall be assessed and collected in accordance with the provisions of this act.

Exemption
from taxation.
1883, chap. 248.

Ninth, The provisions of this chapter shall not be construed to invalidate or in any manner impair the title of any corporation to any securities which have been or may be held by it in pledge or as security for a loan or indebtedness; and the same shall be held for the purposes for which they were pledged; and nothing herein contained shall require any such corporation to change any of its investments made before the first day of October in the year eighteen hundred and seventy-six.

Pledges of
securities as
collateral to
remain valid.
1876, 203, § 30.
1878, 94, § 1.

SECT. 21. No president, treasurer, member of a committee or board of investment, or officer of such corporation charged with the duty of investing its funds, shall borrow or use any portion thereof, be surety for loans to others, or in any manner, directly or indirectly, be an obligor for money borrowed of the corporation; and if such member or officer becomes the owner of real estate upon which a mortgage is held by the corporation, his

No officer
charged with
the investment
to borrow the
funds of the
corporation, or
become surety.
1876, 203, § 10.
1889, chap. 161

office shall become vacant at the expiration of sixty days thereafter, unless he has ceased to be the owner thereof, or has caused said mortgage to be discharged. Only one of the persons holding the offices of president, clerk, and treasurer shall at the same time be a member of the investing committee.

Savings banks,
etc., not to
receive broker-
age, etc., on
account of a
loan.
Penalties.
1876, 203, § 11.

SECT. 22. No such corporation, nor any person acting in its behalf, shall negotiate, take, or receive a fee, brokerage, commission, gift, or other consideration for or on account of a loan made by or on behalf of such corporation, other than appears on the face of the note or contract by which such loan purports to be made; but nothing herein contained shall apply to any reasonable charge for services in the examination of titles and preparation of conveyances to such corporation as security for its loans. Whoever violates a provision of this section shall be punished by fine of not less than one hundred, nor more than one thousand dollars. All sums paid for services, fees, or otherwise to a member of the board of trustees shall be reported in detail at each regular meeting of the trustees.

Applications
for loans to be
in writing, and
record kept.
1879, 203, § 12.

SECT. 23. All applications for loans shall be made in writing, through the treasurer of the corporation, who shall keep a record thereof, showing the date, name of applicant, amount asked for, and the security offered, and he shall cause the same to be presented to the board of investment.

DIVIDENDS AND PAYMENTS.

Guaranty fund
to be created and
maintained.
1876, 203, § 13.

SECT. 24. Every such corporation shall, at the time of making each semi-annual dividend, reserve as a guaranty fund, from the net profits which have accumulated during the six months then next preceding, not less than one-eighth nor more than one-fourth of one per cent. of the whole amount of deposits, until such fund amounts to five per cent. of the whole amount of deposits, which fund shall be thereafter maintained and held to meet losses in its business from depreciation of its securities, or otherwise.

Net profit to be
divided among
depositors, and
in what manner.
1876, 203, § 14.

SECT. 25. The income or profit of every such corporation, after a deduction of all reasonable expenses incurred in the management thereof and the guaranty fund, shall be divided among its depositors or their legal representatives at times fixed by its by-laws in the following manner: Ordinary dividends

shall be made every six months, and shall not exceed two and one-half per cent. on all sums which have been on deposit for six months preceding, or one and one-fourth per cent. on all sums which have been on deposit for three months preceding; and no ordinary dividend shall be declared or paid except as above provided, nor upon a deposit of less than three months' standing; and any such corporation may, by its by-laws, provide that no dividends shall be declared or paid on a less sum than three dollars, or on the fractional part of a dollar.

SECT. 26. If, at the time provided by the by-laws for making ordinary dividends, the net profits for the six months preceding, over and above the sum to be added to the guaranty fund, do not amount to one and one-half per cent. of the deposits, no dividend of the profits shall be declared or paid, except such as shall be approved in writing by the commissioners.

Dividend not to be paid unless net profits are one and one-half per cent., except, etc.
1876, 203, § 15.
1880, chap. 150.

SECT. 27. Once in every term of three years, if the net profits accumulated over and above said guaranty fund and dividends amount to one per cent. of the deposits which have remained in such corporation for one year then next preceding, such net profits may be divided among the depositors whose deposits have remained therein for one year at least then next preceding, in proportion to the amount of dividends which have been declared on their deposits during the three years then next preceding.

Extra dividends may be paid once in every three years, when, etc.
1876, 203, § 16.
1888, 355.

SECT. 28. No dividend shall be declared until the trustees cause an examination to be made, and find that the amount thereof has actually accrued; and no dividend or interest shall be paid unless authorized by a vote of the trustees after such examination.

No dividend to be declared or paid, until, etc.
1876, 203, § 17.

SECT. 29. The principal deposits in such corporations may be withdrawn at such time and in such manner as the by-laws direct, but the deposits so withdrawn shall be deducted in each case from the amounts last deposited. Money deposited in the name of a minor may, at the discretion of the trustees or committee of investment, be paid to such minor or to the person making such deposit; and the same shall be a valid payment.

Deposits, how withdrawn.

Payments to minors.
1876, 203, § 18.
127 Mass. 183.

Savings banks and institutions for savings are hereby authorized and empowered to pay any savings bank order, drawn by any person who has funds on deposit to meet the same, notwithstanding the death of such drawer in the interval of time

Payment on orders after death of drawer.
1885, 210, § 2.

between signing such savings bank order and its presentation for payment when said presentation shall be made within thirty days after the date of such savings bank order; and at any subsequent period, provided the depositary has not received actual notice of the death of the drawer.

Depositor may set off the amount of his deposits in proceedings by the corporation. 1878, 261, § 1.

SECT. 30. A person indebted to any such corporation, whether his indebtedness is secured or not, may, in any proceeding for the collection thereof or for the enforcement of any security therefor, set off the amount of a deposit held and owned by him at the time of the commencement of such proceeding, and of the interest due thereon, except a deposit purchased or acquired from another after the commencement of proceedings in equity to restrain the corporation from doing its actual business.

When deposits are claimed by a person other than plaintiff, claimants may be made defendants, etc. Deposits may remain or be paid into court, etc. 1876, 203, § 19. 1877, 179.

SECT. 31. In actions against any such corporation for money on deposit therewith, if it appears that the same fund is claimed by another party than the plaintiff, whether by the husband or wife of such plaintiff, or otherwise, the court, in which such action is pending, on the petition of the corporation and on such notice as the court considers proper to the plaintiff and to such claimants, may order the proceedings to be amended by making such claimants parties defendant thereto; and thereupon the rights and interests of the several parties in and to said funds shall be heard and determined. Such deposits may remain with the corporation until final judgment, and shall be paid in accordance with the order of the court, or may be paid into court to await final judgment; and, when so paid into court, the corporation shall be stricken out as a party to the action, and its liability for such deposits shall cease. The taxable costs of the corporation in such actions shall be in the discretion of the court, and may be charged upon the fund.

When a deposit is made in trust, name, etc., of person for whom made to be disclosed; to whom payable in case of death. 1876, 203, § 20.

SECT. 32. When a deposit is made in such corporation by any one in trust for another, the name and residence of the person for whom it is made shall be disclosed, and it shall be credited to the depositor as trustee for such person; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, in the event of the death of the trustee, the deposit, with the interest thereon, may be paid to the person for whom such deposit was made, or to his legal representative.

SECT. 33. The treasurer of every such corporation, upon making up each semi-annual dividend, shall send written notice by mail to each depositor, who for six months then next preceding has not been entitled to a dividend on the whole amount standing to his credit, because the same exceeds the amount on which interest is allowed, specifying the amount not entitled to dividend.

Depositor to be notified when amount entitled to dividend is exceeded.
1876, 203, § 21.

SECT. 34. Every such corporation shall once in five years publish, in some newspaper of the county where it is established, a list of the amounts standing to the credit of depositors who have not been entitled to dividends on the whole amount standing to their credit for two years then next preceding, because the same exceed the amount on which interest is allowed, with the names and last known residences of the person to whose credit such amounts stand, which publication shall be continued in three successive papers.

List of amounts due depositors not entitled to dividend to be published once in five years.
1876, 203, § 22.

SPECIAL TRUST FUNDS.

SECT. 35. Any such corporation may receive on deposit to any amount funds in trust for the purpose of setting out shade-trees in streets and parks, and improving the same; for purchasing lands for parks, and improving the same; for maintaining cemeteries or cemetery lots, and for the erecting and maintaining drinking fountains in public places, or for any or all of said purposes. Such funds shall be placed on interest in such corporation, and the interest and dividends arising therefrom shall be paid semi-annually to such city, town or cemetery authorities as may be designated by the donors of said funds or the will of the person bequeathing the same, and shall be expended by such authorities within their respective cities, towns or cemeteries for any or all of said purposes, as may be specified by such donors or such will. No part of the principal of such funds shall be withdrawn or expended, and the same shall be exempt from attachment or levy on execution.

Funds in trust for parks, shade-trees, cemeteries and drinking fountains. Principal not to be withdrawn, and to be exempt from attachment.
1875, 174, § 1.

SECT. 36. A judge of the probate court, after due notice and a hearing, if in his judgment it is expedient so to do, may authorize an executor, administrator or trustee holding money or other personal property for any of the purposes mentioned in the preceding section, to deposit such moneys or the avails aris-

Probate courts may authorize executors, etc., to deposit funds in trust for such purposes.
1877, chap. 192.

ing from such personal property in any such corporation designated by the judge, to be held by it in the manner and for the uses and purposes mentioned in said section, and upon the trusts upon which said executor, administrator, or trustee, held the same ; and upon the deposit of such money and its receipt and acceptance by such corporation the said executor, administrator or trustee shall be discharged from further care and responsibility therefor.

Statements of the amount thereof to be made every third year, etc. 1875, 174, § 2.

SECT. 37. The funds held in accordance with the two preceding sections shall be known as the "Shade-Tree and Cemetery Fund," and the treasurer of the corporation in which they are deposited shall give a certificate of gift to each donor of such funds, and shall send by mail or deliver in the month of January in every third year after the first deposit to the mayor of any city, or the chairman of the selectmen of any town within the limits of which the interest and dividends of any such fund are to be expended, a written statement, signed by such treasurer, of the amount of funds on deposit for the purposes aforesaid, which statement shall be recorded in the office of the clerk of such city or town.

If the corporation ceases to do business, these funds to be deposited in another. 1875, 174, § 3.

SECT. 38. If a corporation holding such funds surrenders its charter or ceases to do business the supreme judicial court may order said funds to be transferred and deposited in some other such corporation upon the same trusts as aforesaid ; and if the laws authorizing such corporations are repealed, the court may order said funds to be transferred and deposited in such banking institutions as it may deem proper, to be held upon the trusts aforesaid.

BOOKS AND RETURNS.

Board may prescribe manner of keeping and auditing books, etc. 1880, 28, § 1.

Treasurer to make annual report to board. Particulars to be stated in same. 1888, chap. 127.

SECT. 39. The commissioners may prescribe the manner and form of keeping and auditing the books and accounts of any such corporation.

SECT. 40. The treasurer of every such corporation shall annually within twenty days after the last business day of October make a report to the commissioners showing accurately the condition thereof at the close of business on said day. The report shall be in such form as the commissioners shall prescribe and shall specify the following particulars : namely, Name of corporation and number of corporators ; place where located ; amount

of deposits; amount of each item of other liabilities; public funds, including all United States, state, county, city and town bonds, stating each particular kind, the par value, estimated market value and amount invested in each; loans on public funds, stating amount on each; bank stock, stating par value, estimated market value and amount invested in each; loans on bank stock, stating amount on each; railroad bonds, stating par value, estimated market value and amount invested in each; loans on railroad bonds, stating amount on each; estimated value of real estate, and amount invested therein; loans on mortgage of real estate; loans to counties, cities or towns; loans on personal security; cash on deposit in banks, with the names of such banks and the amount deposited in each; cash on hand; the whole amount of interest or profits received or earned, and the rate and amount of each semi-annual and extra dividend for the previous year; the times for the dividends fixed by the by-laws; the rates of interest received on loans; the total amount of loans bearing each specified rate of interest; the number of outstanding loans which are of an amount not exceeding three thousand dollars each, and the aggregate amount of the same; the number of open accounts; also the number and amount of deposits received; the number and amount of withdrawals; the number of accounts opened, and the number of accounts closed, severally, for the previous year; and the annual expenses of the corporation; all of which shall be certified and sworn to by the treasurer. The president and five or more of the trustees shall certify and make oath that the report is correct according to their best knowledge and belief.

SECT. 41. Beginning with the year ending with the last business day of October eighteen hundred and eighty-nine and every fifth year thereafter such reports shall also state the number and amount of deposits of fifty dollars and less, of those exceeding fifty dollars and not more than one hundred dollars, of those exceeding one hundred dollars and not more than two hundred dollars, of those exceeding two hundred dollars and not more than five hundred dollars, of those exceeding five hundred dollars and less than one thousand dollars, of those of one thousand dollars or more: and of those to the credit of women, both adult and minor, guardians, religious and charitable associations, and in trust, respectively, received during the year.

Additional
statements
required.
1890, chap. 44.

Blank forms of reports to be furnished. Commissioners to report to the general court. 1866, 192, § 3. 1876, 203, § 24. 1878, 253, § 2.

SECT. 42. The commissioners shall furnish blank forms of reports to every such corporation, and shall prepare annually from such reports, and communicate to the General Court on or before the first Wednesday in January, a statement of the condition of each corporation from which a report has been received for the preceding year, and shall include therein a statement of the affairs of such corporations in the hands of receivers, and shall make such suggestions as they may deem expedient relative to the general conduct and condition of each of the corporations visited by them.

1890, chap. 126.

The annual report of the board of commissioners of savings banks, required to be made to the General Court, may hereafter be published in two volumes: that portion relating to savings banks, institutions for savings, safe deposit, and loan and trust companies to constitute one volume, designated as Part I., of which twenty-five hundred copies shall be printed; and that portion relating to co-operative banks and loan companies to constitute another volume, designated as Part II., of which fifteen hundred copies shall be printed; the two parts to remain as number eight in the series of public documents.

Treasurer to inform overseers of poor of deposits to the credit of a pauper. 1876, 203, § 25.

SECT. 43. The treasurer of every such corporation shall, upon a written request signed by an overseer of the poor of a city or town, inform him of the amount, if any, deposited in the corporation to the credit of any person named in such request, who is a charge upon the Commonwealth or upon a city or town therein as a pauper; and a treasurer who unreasonably refuses to give such information, or wilfully renders false information, shall forfeit fifty dollars for every such offence, to the use of the city or town upon which such pauper is a charge, or to the Commonwealth if the pauper is a charge upon the Commonwealth.

RECEIVERS.

(Acts of 1882, Chapter 77.)

Receivers to deposit books and papers with commissioners at end of year after settlement, ordered by court. 1882, 77, § 1.

Receivers of insolvent savings banks and institutions for savings shall, at the end of one year after final settlement ordered by the court, deposit with the commissioners of savings banks all books and papers of such insolvent savings banks and institutions for savings, including those relating to their receiver-

ship. And said commissioners shall receive and hold the same in some proper repository in the state house or Commonwealth building.

Chap. 72, 1884.
Commissioners
to hold same.

(Chapter 258, Acts of 1883.)

At the expiration of one year after final settlement ordered by the court, receivers of insolvent insurance companies and receivers of insolvent savings banks and institutions for savings shall report to the court the names and residences, when known, of the persons or parties entitled to any moneys or dividends from the estate of such corporations remaining in their hands uncalled for, with the amount due to each. The court shall thereupon order such notice to be given by the receivers as justice may require, and upon the expiration of one year from the time of giving such notice the receivers shall in like manner report the amounts still uncalled for. Unless cause shall appear for decreeing otherwise, such amounts shall then be ordered to be paid into the treasury of the Commonwealth and schedules signed by the receivers shall at the same time be deposited with the treasurer and auditor of the Commonwealth setting forth the decree of the court and the names and residences, so far as known, of the persons or parties entitled thereto arranged in alphabetical order and the amount due to each. The auditor shall forthwith cause notice of such deposit to be mailed to such parties.

The deposit of books and papers required from receivers of insolvent corporations under the provisions of section one of chapter seventy-seven of the acts of the year eighteen hundred and eighty-two shall be made at the time when the payment into the treasury of the Commonwealth of such unclaimed moneys or dividends is required by law to be made and not before.

Section one hundred seventy-three of chapter one hundred nineteen, and section forty-four of chapter one hundred sixteen of the Public Statutes are hereby repealed, but receivers of any insolvent savings bank or institution for savings in whose case final decree of distribution has been made at the passage of this act shall make payments into the treasury of the Commonwealth as required by the provisions of section forty-four of chapter one hundred sixteen of the Public Statutes notwithstanding, and

persons or parties entitled to receive any portion of such sums or of the sums already paid into the treasury under the provisions of said section, or of the acts of which they are a continuation may within two years from the passage of this act and persons or parties entitled to receive any portion of the sums paid into the treasury under the provisions of the first section of this act may within two years from the time of such deposit and notice given make claim to the auditor of the Commonwealth therefor. Upon establishing the validity of their claim, certification, warrant and payment shall follow as in case of other valid claims against the Commonwealth.

AN ACT AUTHORIZING THE USE OF COPIES OF THE RECORDS,
BOOKS AND ACCOUNTS OF SAVINGS BANKS IN EVIDENCE.

(Chapter 92, Acts of 1885.)

Copies from the records, books and accounts of a savings bank and institution for savings, incorporated under the laws of this Commonwealth, shall be competent evidence in all cases, equally with the originals thereof, if there is annexed to such copies an affidavit taken before a clerk of a court of record, or notary public, under the seal of such court or notary public, setting forth that the affiant is the officer having charge of the original records, books and accounts and that such copy is true and correct and is full so far as it relates to the subject-matter therein referred to.

AN ACT CONCERNING UNCLAIMED DEPOSITS IN SAVINGS BANKS.

(Chapter 319, Acts of 1887.)

SECTION 1. The treasurer of every savings bank shall within fifteen days after the last business day of October in the year eighteen hundred and eighty-seven, and every fifth year thereafter, return to the commissioners of savings banks a sworn statement containing the name, the amount standing to his credit, the last known place of residence or post-office address and the fact of death, if known to such treasurer, of every depositor who shall not have made a deposit therein or withdrawn therefrom any part of his deposit, or any part of the interest

thereon, for a period of more than twenty years next preceding ; and the treasurers of such savings bank shall give notice of these deposits in one or more newspapers published in or nearest to the city or town where such banks are located, at least once a week for three weeks in succession : *provided, however*, that this act shall not apply to the deposit made by or in the name of any person known to the bank to be living or to any deposit which, with the accumulations thereon, shall be less than twenty-five dollars.

SECT. 2. The commissioners of savings banks shall incorporate in their annual report, or in a supplementary annual report, each return which shall have been made to them as provided in section one.

SECT. 3. The treasurer of any savings bank neglecting or refusing to make the sworn return required by section one shall be subject to a fine of one hundred dollars.

AN ACT REQUIRING SAVINGS BANKS AND INSTITUTIONS FOR SAVINGS TO CALL IN THEIR BOOKS OF DEPOSIT AT STATED INTERVALS.

(Chapter 40, Acts of 1888.)

During the year eighteen hundred and eighty-nine and every third year thereafter savings banks and institutions for savings shall call in the books of deposit of their depositors for verification in such manner as their respective boards of trustees may elect.

AN ACT REQUIRING SAVINGS BANKS AND INSTITUTIONS FOR SAVINGS TO MAKE AN ACCURATE TRIAL BALANCE OF THEIR DEPOSITORS' LEDGERS.

(Chapter 88, Acts of 1889.)

Every savings bank and institution for savings shall, as often as once in each of its fiscal years, make an accurate trial balance of its depositors' ledgers.

AN ACT PROVIDING FOR THE FINAL DISTRIBUTION OF SUMS OF
MONEY DEPOSITED IN THE NAME OF A JUDGE OF PROBATE
COURT, AS TRUSTEE, OR BY ORDER OF ANY COURT.

(Chapter 449, Acts of 1889.)

SECTION 1. All sums of money hereafter deposited in savings banks, institutions for savings or trust companies, in the name of a judge of probate court, as trustee, or by order of any court, shall draw interest, or dividends, at the same rate as other deposits in the same bank, institution or company, while they remain therein, without regard to the amount deposited.

SECT. 2. The probate court, court of insolvency or other court, respectively, shall, upon the application of any person interested or of the attorney-general, and after such public notice as the court or any judge or justice thereof may deem proper to be given, order and decree that all sums of money heretofore or hereafter deposited in a savings bank, institution for savings or trust company, by authority of either of said courts or any judge or justice thereof, and which shall have remained unclaimed for a period of more than five years from the date of such deposit, with the increase and proceeds thereof, to be paid to the treasurer of the Commonwealth, to be held and used by him according to law, subject for fifteen years only to be paid with interest at the rate of three per cent. per annum from the time it is so paid to said treasurer to the time it is paid by him to the person or persons having, and established, a lawful right thereto.





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